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ABSTRACT

Eight proposals for the use of tax-levy funds in the support of postsecondary education are examined. Tax-levy funds are the major source of revenue for the institutions of the State University of New York and the City University of New York. The eight proposals are as follows: Tuition Offset Grants Plan, Student Access Grants Plan, Cost of Education Plan, Bundy Aid Program Revision Proposals, Eggers Formula, Regents Plan, Voucher Plan, and Student Aid Voucher Plan. For each plan, the objective formula, and mode of distribution are described, together with an estimate of costs for the fiscal year ending in 1977. Four of the plans are intended to supplement present programs of state aid to postsecondary education: two are intended to formulate guidelines for the overall level of state funding to the independent sector: and two, the Voucher Plan and the Student Aid Voucher Plan, are intended to replace the entire state budget of appropriations (with the exception of capital construction and opportunity program appropriations) to postsecondary education on the undergraduate level, both public and independent. (SW)

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PROPOSALS FOR THE USE OF PUBLIC FUNDS IN FINANCING POSTSECONDARY EDUCATION IN NEW YORK STATE

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with

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In April, 1979, the report, REVENUES AND EXPENDITURES OF POSTSECONDARY EDUCATION IN NEW YORK STATE FY 1975-77, was distributed. It compared revenues by source and expenditures by purpose of the public institutions of SUNY and CUNY and the institutions of the independent and proprietary sectors. The study also identified the extent to which the public, independent and proprietary sectors were dependent upon tax-levy financial support in FY 1974-75, 1975-76, and 1976-77.

This report, PROPOSALS FOR THE USE OF PUBLIC FUNDS IN FINANCING HIGHER EDUCATION IN NEW YORK STATE, is a sequel. Focussing on FY 1976-77, it analyzes eight proposals for the use of tax-levy funds in the support of postsecondary education.

Tuition Offset Grants (TOG) Plan

Student Access Grants (SAG) Plan

Cost of Education (CoED) Plan

Bundy Aid Program Revision Proposals

Eggers Formula

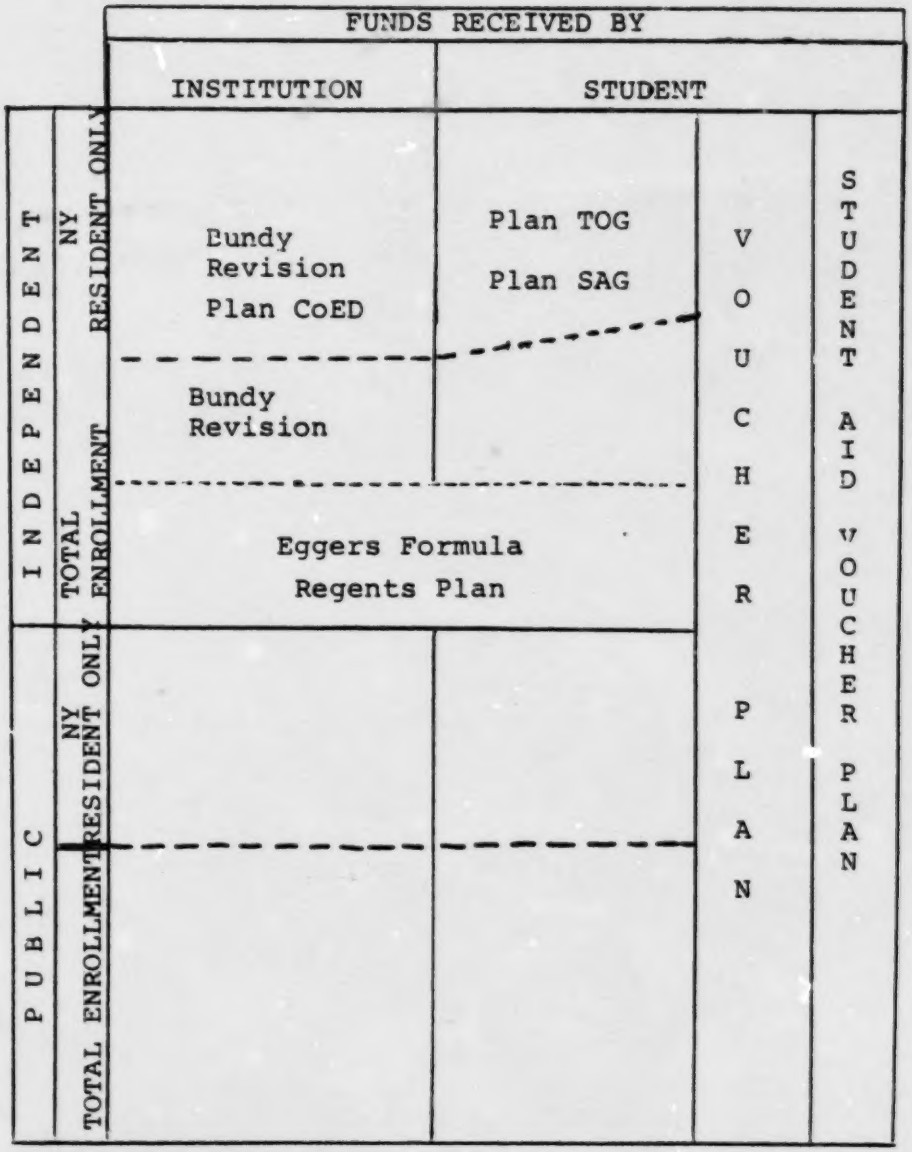
Regents Plan

Voucher Plan

Student Aid Voucher Plan (SAV)

For each plan, the objective, formula, and mode of distribution are described, together with an estimate of costs for the fiscal year ending in 1977.

The diagram on page 2 illustrates the range of approaches represented by these proposal plans.


FUNDS RECEIVED BY
INSTITUTION
STUDENT
INDEPENDENT
PUBLIC
NY RESIDENT ONLY
TOTAL ENROLLMENT
NY RESIDENT ONLY
TOTAL ENROLLMENT
Bundy Revision
Plan CoED
Bundy Revision
Eggers Formula
Regents Plan
Plan TOG
Plan SAG
VOUCHER PLAN
STUDENT AID VOUCHER PLAN

The analysis was directed and this report was prepared by Lawrence Podell, Ph.D., while on leave from the City University of New York, where he was University Dean for Program and Policy Research in the Office of the Chancellor. Dr. Podell is now Dean of the College, C.W. Post Center of Long Island University. The effort was aided by a grant from the Exxon Education Foundation. It was undertaken in cooperation with the Office of Postsecondary Research Information Systems and Institutional Aid of the New York State Education Department and with the Commission on Independent Colleges and Universities (cIcu).

Cooperating with Dr. Podell in this effort was Janet Anzovin and Steven Anzovin, whose intelligence, diligence, and patience made this report possible. Of course, Dr. Podell remains responsible for any errors.

INTRODUCTION

Tax-levy funds are the major source of revenue for the institutions of the State University of New York and the City University of New York. In addition, funding programs of New York State include, among others, the following:

(a) Bundy Aid, the major form of State aid to independent institutions, distributes funds on the basis of degrees awarded;

(b) Tuition Assistance Program (TAP), the major form of State aid to students, provides financial assistance to students of all sectors on the basis of need;

(c) Higher Education Opportunities Program (HEOP) assists disadvantaged undergraduate students in independent institutions; and

(d) Regents College Scholarships are awarded on the basis of academic achievement in high school.

When comparing estimated costs of various plans, it should be noted that four of the plans are intended to supplement present programs of State aid to postsecondary education; two are intended to formulate guidelines for the overall level of State funding to the independent sector; and two, the Voucher Plan and the Student Aid Voucher Plan (SAV), are intended to replace the entire state budget of appropriations (with the exception of capital construction and opportunity program appropriations) to postsecondary education on the undergraduate level, both public and independent.

SUPPLEMENTARY PLANS

Tuition Offset Grants (TOG) and Student Access Grants (SAG) are plans to provide assistance to students according to formulae geared to the costs of education in the public sector. As supplements to existing programs, they seek to alleviate the competitive disadvantage incurred by the independent sector because of the low-cost (low tuition) pricing policy of the public sector. Under these plans, all independent sector students regardless of need would receive a uniform grant large enough to render the higher tuition charges of the independent sector less prohibitive.

The Cost of Education (CoED) Plan and the proposal for revision of Bundy Aid also assume the existence of current programs of funding. However, they direct additional funds to the institutions rather than to the students.*

Plan CoED seeks to divert needy students from the low-tuition public sector to the high-tuition independent sector. It would grant funds to independent institutions on behalf of enrolled TAP recipients and assist the institutions in providing additional

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* Plans such as the Bundy Aid Program and the Cost of Education Supplement, which provide funds directly to institutions, are prohibited from giving assistance to religiously-controlled schools by Section 3, Article XI, of the New York State Constitution. Students in religiously-controlled institutions represented approximately 10.4% of the full-time equivalent enrollment in the independent sector in FY 1976-77, according to NYSED figures.

student financial aid and in meeting costs of education not covered by tuition monies.

The revision of the Bundy Aid Program would award funds to independent institutions based upon enrollment rather than upon earned degrees. In the cost-out (to be presented later), the total amount of Bundy Aid awarded in FY 1976-77 was divided by the enrollment in institutions eligible for Bundy Aid to obtain an estimated grant per FTE student. Although this method of computation does not change the total amount of Bundy Aid awarded state-wide, it does affect funding to individual institutions. To illustrate the greater or lesser levels of aid which the proposed revision might entail, the cost-out compares funding on per-FTE and earned-degree bases for three institutions of varying types and with varying student enrollments.

REORGANIZATION PLANS

The Eggers Formula and the Regents Plan seek to establish State funding of independent postsecondary education as a proportion of State support for the public sector. Under both plans funding would be shared between student and institutional recipients.

The aim of the Eggers Formula is to stabilize student enrollment between the sectors at its current level (approximately 60% public to 40% independent) and thereby assure that the

diversity and choice afforded by independent institutions will not be jeopardized by enrollment shifts. (Its formula is based on appropriating to the independent sector a flexible percentage of the total State appropriations to the public sector.) In contrast, the Regents Plan, which has similar goals, links funding of the independent sector to a standard public instructional cost per student at the graduate and undergraduate levels. The Regents Plan is one part of a set of recommendations on the financing of postsecondary education made in the 1976 Regents Statewide Plan for the Development of Postsecondary Education.

Supporters of voucher plans claim that none of the proposals outlined above concentrates State tax levy funds where the need is greatest. By eliminating all current forms of State aid to undergraduate postsecondary education, the plans seek to maximize student freedom of choice and institutional accountability while minimizing State subsidization of affluent students. Since the standard budget on which the plans are based provides for living as well as for tuition expenses, students who now cannot afford to attend college even with tuition assistance would be enabled to do so. Because of the large number of variables inherent in these proposals, the figures in the cost-out (to appear later) should be considered as gross estimates.

TERMS AND CALCULATIONS

Many of the plans base their formulae on "cost of instruction." However, no consensus exists on the issue of which institutional expenditure functions should be considered as part of the "cost of instruction." The three definitions most commonly cited are as follows:

(a) Instruction: mostly faculty salaries, with some departmental research and some academic administration included.

(b) Teaching-Related Expenditures*: includes instruction plus such additional expenditures as academic support, student services, institutional support, and plant operations and maintenance which are directly related to the institution's teaching mission.

(c) Educational & General Expenditures and Mandatory Transfers: includes all teaching-related expenditures plus research, public service, scholarships and fellowships, and mandatory transfers.

The formulae for Plans TOG and SAG, which involve grants to students in the independent sector based on "cost of instruction"

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* Also called "Adjusted Educational and General Expenditures."

in the public sector, do not specify which one of these three definitions is to be used; hence, for both plans, all three are dealt with separately.

The Regents Plan, which also involves public-sector "cost of instruction," specifies that Teaching-Related Expenditures be used. This definition was also employed in the cost-out of the Voucher Plan for reasons given separately below.

In the "cost-out" pages which appear later, four indices are utilized, the calculations for which follow. (All calculations are derived from 1976-77 figures.)

1. Full-Time Equivalent Public-Sector Enrollment (Weighted)

In the calculations of Average Public Instructional Cost and Average Public Tuition and Fees -- figures essential to the costing-out of Plans SAG and TOG -- a larger weight was assigned to graduate student enrollment in order to account for the relatively higher cost of graduate education. Undergraduates were weighted by a factor of 1.00 and graduate students by a factor of 1.78.*

TABLE 1 Full-Time Equivalent Public Sector Enrollment Weighted -- 1976-1977

	Total Public	SUNY	CUNY
Undergraduates (Weighted)	381,747	242,604	139,143
Graduates (Weighted)#	55,103	39,139	15,964
FTE Students (Weighted)	436,850	281,743	155,107

SOURCE: NYSED, Postsecondary Information Systems (HEDS)

Includes graduate and first professional students.

* Recommended by NYSED.

2. Average Public Instructional Cost (Weighted)

Average Public Instructional Cost (Weighted), a figure necessary to the costing-out of Plans TOG and SAG, was obtained by dividing total public-sector instructional expenditures by the number of weighted public-sector FTE students.

As mentioned earlier, there is no consensus about the definition of "cost of instruction." Although the category of Teaching-Related Expenditures most nearly represents the total cost associated with an institution's teaching mission, the categories of Instruction Expenditures and of Educational and General Expenditures and Mandatory Transfers have been cited by some as appropriate indicators of instructional cost. Consequently, weighted averages were calculated for all three categories.

TABLE 2 Average Public Instructional Cost Weighted 1976-77

Expenditure Category	Total Public Exp (000s)*		Total (Wgt'd) Public FTEs		(Wgt'd) Avg Public Cost
Instruction	781,699	÷	436,850	=	$1,789.40
Teaching-Related	1,353,496	÷	436,850	=	3,098.31
Ed'l & Gen'l & Mand Trans	1,654,906	÷	436,850	=	3,788.27

*NYSED, Postsecondary Information Systems (HEDS)

3. Average Public Tuition and Fees (Weighted)

The costing-out of Plan TOG required the computation of average tuition and fees for the public sector. This figure was obtained by dividing total public-sector tuition and fees revenues by the number of weighted public-sector full-time equivalent students.

TABLE 3 Average Public Tuition and Fees Weighted 1976-77

	SUNY tuition and fees revenues		$220,424,000
+	CUNY tuition and fees revenues	+	151,437,000
=	Total public tuition & fees revenues	=	371,861,000
	Total public-sector FTE students		436,850
=	Avg public tuition and fees weighted	=	$ 851.23

SOURCE: NYSED, Postsecondary Information Systems (HEDS)

4. Average Public Instructional Cost by Level and Standard Cost of Instruction

The costing-out of the Regents Plan required that "separate cost standards be established for public-sector undergraduate and graduate students."* The cost-out of the Voucher Plan, which addresses undergraduate postsecondary education, likewise requires that public-sector costs be isolated by level. The Regents Plan is concerned with "Standard Cost of Instruction," which is defined as Teaching-Related Expenditures per FTE

*The Regents Statewide Plan for the Development of Postsecondary Education, 1976.

student. The Voucher Plan is concerned with "full costs of instruction," a term best represented by the category of Teaching-Related Expenditures, rather than by the more limited category of Instruction Expenditures.

An obstacle to the identification of public-sector costs by level is the unavailability of such data from the institutions themselves. Costs of instruction by level are collected by SUNY but not by CUNY. Other expenditure functions of Teaching-Related Expenditures are not readily susceptible to apportionment by level (for example, student services, institutional support, and plant operation and maintenance).

In consequence, the following method was used to arrive at an approximation of costs by level by utilizing data from SUNY to represent public-sector costs:

(1) Cost of instruction by level was obtained from SUNY.

(2) The other four components of Teaching-Related Expenditures -- academic support, student services, institutional support, and plant operation and maintenance -- were divided by level proportionately, based on the numbers of undergraduate and graduate students at SUNY.

(3) The resulting figures were added together to obtain Teaching-Related Expenditures by level.

TABLE 4 Average Public Instructional Cost by Level and Standard Cost of Instruction 1976-77

	UNDERGRADUATE*		GRADUATE*	
	In Thousands	Per FTE	In Thousands	Per FTE
Acad Support	$ 66,317	$ 274.20	$ 5,610	$ 274.39
Student Svces	47,818	197.71	4,045	197.85
Instit'l Support	124,500	514.76	10,532	515.14
Plant Op & Maint	119,165	492.70	10,081	493.08
Subtotal per FTE**	--	$1,479.37	--	$1,480.46
Instruction***	--	1,257.72	--	4,332.51
Total Teaching-Rel Exp per FTE	--	$2,737.09	--	$5,812.97

* Excluding Health Science Centers
** NYSED, Postsecondary Information Sustems (HEDS)
*** SUNY, Office of the Provost for Policy Analysis

PLAN SAG (STUDENT ACCESS GRANTS)

A supplement to existing programs for financing postsecondary education.

Objective:	To maximize choice by reducing the burden of the tuition price differences between government-sponsored and independent institutions.
Method:	Entitlement grant, awarded to all eligible students regardless of need.
Eligibility	All resident New York State students enrolled in degree programs in independent institutions of New York State, including graduate, first-professional, and part-time students taking more than six credit hours of study.
Formulae:	(A) Grant equals a percentage of average public instructional cost. (B) Grant equals a specified amount per FTE student. (C) Grant equals a specified amount per credit hour.
Distribution:	Grant is awarded directly to student.
Total Cost:	Ranges between $187,680,000 and $397,340,000, depending upon which definition of "costs of instruction" is employed.

PLAN SAG (STUDENT ACCESS GRANTS), continued

1976-77 Statistics Used

FORMULA A: GRANT = 50% OF AVERAGE PUBLIC INSTRUCTIONAL COST

Expenditure Category	Avg Public Instruct'l Cost (Weighted)	50%	# NY Resident FTE Students in Indep Sector*	Total Cost of Plan
Instruction	$1,789.40	$ 894.70	209,774	$187,684,797
Teaching-Related	3,098.31	1,549.16	209,774	324,973,490
Ed'l & Gen'l & Mand Trans.	3,788.27	1,894.14	209,774	397,341,324

FORMULA B: GRANT = SPECIFIED AMOUNT PER FTE STUDENT

Dollar Award per FTE Student	# NY Resident FTE Students in Indep Sector*	Total Cost of Plan
$1,000	209,774	$209,774,000
1,500	209,774	314,661,000

FORMULA C: GRANT = SPECIFIED AMOUNT PER CREDIT HOUR

Because information on credit hours for New York State resident students is not available, Formula C cannot be costed out.

*NYSED, Postsecondary Information Systems (HEDS)

PLAN TOG (TUITION OFFSET GRANTS)

A supplement to existing programs for financing postsecondary education.

Objective:	To maximize choice by reducing the burden of the tuition price differences between government-sponsored and independent institutions.
Method:	Entitlement grant, awarded to all eligible students regardless of need.
Eligibility:	All resident New York State students enrolled in degree programs in independent institutions of New York State, including graduate, first-professional, and part-time students with six credit hours or more.
Formula:	Grant equals a percentage of the difference between average public instructional cost and average public tuition and fees.
Distribution:	Grant awarded directly to student.
Source:	Originally proposed in A National Policy for Higher Education (National Commission on Independent College and Universities Task Force Report, 1974).
Total Cost:	Ranges from $49,200,000 to $462,080,000, depending upon which definition of "cost of instruction" is employed and which percentage is used.

PLAN TOG (TUITION OFFSET GRANTS), Continued

1976-77 Statistics Used

STEP ONE: COMPUTATION OF DIFFERENCE

Expenditure Category	Avg Public Instruct'l Cost (Weighted)		Avg Public Tuition & Fees (Weighted)		Difference
Instruction	$1,789.40	minus	$851.23	equals	$ 938.17
Teaching-Related	3,098.31	minus	851.23	equals	2,247.08
Ed'l & Gen'l & Mand Trans	3,788.27	minus	851.23	equals	2,937.04

STEP TWO: COMPUTATION OF PERCENTAGES

	Expenditure Category	% of Difference	# NY Resident FTE Students in Indep Sector*	Total Cost of Plan
	Instruction	$ 234.54		$ 49,200,000
25%	Teaching-Related	561.77	209,774	117,845,000
	Ed'l & Gen'l & Mand Trans	734.26		154,029,000
	Instruction	469.09		98,403,000
50%	Teaching-Related	1,123.54	209,774	235,689,000
	Ed'l & Gen'l+Mand Trans	1,468.52		308,057,000
	Instruction	703.63		147,603,000
75%	Teaching-Related	1,685.31	209,774	353,534,000
	Ed'l & Gen'l & Mand Trans	2,202.78		462,086,000

*NYSED, Postsecondary Information Systems (HEDS)

PLAN CoED (COST OF EDUCATION)

A supplement to existing programs for financing postsecondary education.

Objective:	To help independent institutions meet the costs of educating and of financially assisting disadvantaged students.
Method:	Supplementary grant to institution on behalf of each enrolled TAP recipient.
Eligibility:	All independent institutions, with the exception of seminaries and other religiously-controlled institutions as defined by the New York State Constitution.
Formula:	Amount of grant multiplied by the number of TAP recipients in eligible institutions.
Distribution:	Direct grant to institution.
Total Cost:	Ranges between $38,368,000 and $115,104,000, depending upon amount of grant.

PLAN CoED (COST OF EDUCATION), Continued

FORMULA = AMOUNT OF GRANT MULTIPLIED BY NUMBER OF TAP RECIPIENTS IN ELIGIBLE INSTITUTIONS

Amount of Grant	# of TAP Recipients in Bundy-Eligible Institutions*	Total Cost of Plan
$ 500	76,736	$ 38,368,000
1,000	76,736	76,736,000
1,500	76,736	115,104,000

* New York Higher Education Services Corporation - 1976-77 statistics used.

BUNDY AID REVISIONS

A substitute for an existing program of aid to institutions.

Objective:	The current Bundy Aid program provides financial assistance to independent institutions according to the number of degrees conferred during the previous year, under the following schedule of payments (1976-77): Associate, $330; Baccalaureate, $940; Master's, $650; Doctorate, $3,100. Proposals have been made to change the basis of Bundy Aid awards from degrees conferred to full-time equivalent student enrollment, either for all students or for New York State resident students only.
Method:	Direct aid to institution.
Eligibility:	Independent institutions of New York State, with the exception of seminaries, religiously-controlled institutions as defined by the New York State Constitution, and institutions which are not accredited.
Formula:	The attached tables compare the costs of Bundy Aid on degree-conferred and per-FTE bases for three institutions with different missions and different student populations (in particular, with different proportions of doctoral students).
Total Cost:	Aid per FTE student was determined by dividing total state-wide Bundy Aid awards by the number of FTE students at different degree levels in Bundy-eligible institutions. $65,692,320.

BUNDY AID REVISIONS, continued

STEP ONE: COMPUTATION OF BUNDY AID ON PER-FTE BASIS*

Degree Level	Total Bundy Payments*		# FTEs in Bundy-Eligible Institutions**		Bundy Award per FTE
ALL FTE STUDENTS					
Undergraduate	$36,661,170	÷	192,362	=	$191
Graduate	29,031,150	÷	62,869	=	462
NY RESIDENTS					
Undergraduate	$36,661,170	÷	142,083	=	$258
Graduate	29,031,150	÷	44,552	=	652

* Fall 1976 Enrollment figures and 1976-77 Bundy payments used.

** NYSED, Postsecondary Information Systems (HEDS)

BUNDY AID REVISIONS continued

STEP TWO: COMPARISON OF PAYMENTS UNDER REVISED FORMULAE

1976-77 Statistics Used

	NYS Indep Sector	Columbia University	Pratt Institute	Mercy College
TOTAL BUNDY AID PAYMENTS*	$65,692,320	$4,336,090	$ 896,250	$ 465,300
DEGREES AWARDED*				
Associate ($ 330)	1,311	--	5+	14+
Bachelor's ($ 940)	38,541	1,226	625	495
Master's ($ 650)	26,607	2,747	475	--
Doctoral ($3100)	3,786	451	--	--
FTE STUDENTS*				
ALL FTEs				
Undergraduate	192,362	4,814	3,006	4,218
Graduate	62,869	8,718	732	0
Total	255,231	13,532	3,738	4,218
NY RESIDENTS				
Undergraduate	142,083	2,628	1,861	3,822
Graduate	44,552	4,904	523	0
Total	186,635	7,532	2,384	3,822
BUNDY PAYMENTS ON PER-FTE BASIS				
ALL FTEs				
Ungrad ($ 191)	36,741,142	919,474	574,146	805,638
Grad ($ 462)	29,045,478	4,027,716	338,184	0
	65,786,620	$4,947,190	$912,330	$805,638
NY RESIDENTS				
Ungrad ($ 258)	36,657,414	678,024	480,138	986,076
Grad ($ 652)	29,047,904	3,197,408	340,996	0
	65,705,318	$3,875,432	$821,134	$986,076

* NYSED, Postsecondary Information Systems (HEDS)

+ Institutions that confer bachelor's degrees cannot receive Bundy Aid for associate degrees conferred.

EGGERS FORMULA

A plan to establish guidelines for levels of State funding to the independent sector.

Objective: To help stabilize the independent sector's proportion of the State's student enrollment by linking State funding for the independent sector to changes in State tax levy support of the public sector.

Method: Future per-student tax levy funding of the independent sector is related to per-student tax levy funding of the public sector by a ratio of 2:1 (e.g., for each additional dollar of public-sector support, the independent sector receives 50¢; a decrease in public-sector support results in a proportionate decrease in independent-sector support). The ratio is adjusted periodically to compensate for changes in student enrollment between the sectors.

Distribution: Two-thirds of State funding to the independent sector are applied to student aid, one-third to institutional aid.

Formula:

1. Determine the amount of increase in State aid per FTE student to the public sector between FY 1975-76 and FY 1976-77.
2. Multiply one-half this amount by the number of FTE students in the independent sector to determine the amount of increase in State aid to the independent sector for FY 1976-77.
3. Total State aid to the independent sector in FY 1976-77 (and total cost of the Eggers Formula for that year) equals the total amount of State aid to the independent sector in FY 1975-76 plus the increase according to this formula in State aid to the independent sector for FY 1976-77.

Total Cost: $157,175,696 for all forms of State aid to the independent sector including results of this formula. The one year increase according to the Eggers Formula would be $3,738,696. Of the increase in State aid to the independent sector for FY 1976-77, $2,467,276 would take the form of student financial aid and $1,271,021 would be given as direct institutional aid.

EGGERS FORMULA continued

STEP ONE: CALCULATION OF INCREASE IN STATE AID TO PUBLIC SECTOR BETWEEN FY 1975-76 & FY 1976-77

	State Aid to Public Sector, FY 1976-77*	$1,318,644,300.00
-	State Aid to Public Sector, FY 1975-76*	- 1,307,812,000.00
=	Increase in Aid to Public Sector	$ 10,832,300.00

STEP TWO: CALCULATION OF INCREASE IN STATE AID TO INDEPENDENT SECTOR IN FY 1976-77

	Increase in Aid to Public Sector		$ 10,832,300.00
	Total Public-Sector FTE Students**	÷	412,703.00
=	Increase in Aid to Public Sector per FTE		$ 26.25
x	50%	x	.50
=	One-half Increase in Aid to Public Sector per FTE		$ 13.125
x	Total Independent-Sector FTE Students**	x	284,853.00
=	Increase in Aid to Independent Sector		3,738,695.63

STEP THREE: CALCULATION OF TOTAL STATE AID TO THE INDEPENDENT SECTOR IN FY 1976-77

	Increase in Aid to Independent Sector		$ 3,738,695.63
+	Total Aid to Independent Sector in FY 1975-76*	+	153,437,000.00
=	Total State Aid to Independent Sector, FY 1976-77 (Total Cost of Plan)		$ 157,175,695.63

* Executive Budget, 1977-78
** NYSED, Postsecondary Information Systems (HEDS)

REGENTS PLAN

A plan to establish guidelines for levels of State funding to the independent sector.

Objective: To stabilize enrollment proportions between sectors and to discourage further deterioration of low tax-levy cost education in the independent sector.

Formulae:

(a) Undergraduate: The overall level of State funding for independent institutions should equal 25 percent of the standard cost per undergraduate multiplied by the number of undergraduate students attending independent institutions.

(b) Graduate: The overall level of State financing for independent institutions should equal 15 per cent of the standard cost per graduate student multiplied by the number of graduate students attending independent institutions.

Standard cost of instruction is the average of Teaching-Related Expenditures per Full-Time Equivalent Student for the public sector.

Distribution: The relative distribution of funds for student aid and institutional support should be in the ratio of 2:1 for undergraduate education. For graduate education, funds should be allocated on the basis of program priorities.

Total Cost: $208,127,530.

REGENTS PLAN Continued

STEP ONE: UNDERGRADUATE FORMULA

Standard Cost of Instruction		$ 2,737.09
x 25%	x	.25
		684.27
x Independent Sector FTE Students*	x	216,482.00
= Total Cost, Undergraduate Level		$148,132,138.14

STEP TWO: GRADUATE FORMULA

Standard Cost of Instruction		$ 5,812.97
x 15%	x	.15
		871.95
x Independent Sector FTE Students*	x	68,806.00
= Total Cost, Graduate Level		$ 59,995,391.70

STEP THREE: TOTAL COST

Total Cost, Undergraduate Level	$148,132,138.14
+ Total Cost, Graduate Level	59,995,391.70
= Total Cost of Plan	$208,127,529.84

*NYSED, Postsecondary Information Systems (HEDS)

VOUCHER PLAN

A replacement for all current forms of State aid for undergraduate postsecondary education, excepting appropriations for capital construction.

Objective: To restructure the distribution of State funds for undergraduate postsecondary education and consign them exclusively to the students rather than to the institutions on the basis of need.

Method:

1. All current State appropriations for postsecondary education at the undergraduate level are eliminated, except appropriations for capital construction.
2. Tuition for undergraduates at public institutions is raised to equal the full cost of instruction.
3. A standard budget for all undergraduate students is computed comprising average full cost of undergraduate public instruction plus average cost of student maintenance (room, board, books, and supplies).
4. The State awards a voucher to each student based upon her/his ability to pay the standard budget. Needs analyses are performed for all students to determine voucher amounts utilizing the apparatus presently set up to serve existing student aid programs.

Formula:

1. Compute standard budget.
2. Divide New York student population into income levels.
3. For each level,
   a. Determine average expected student/family contribution.
   b. Determine amount of voucher by subtracting student/family contribution from standard budget.
   c. Multiply amount of voucher by number of students per income level.
4. Total cost of plan equals sum of all totals in part (c).

Total Cost: $824,727,000

VOUCHER PLAN continued

Notes on the Cost-out:

A wide margin for error unavoidably exists in this cost-out due primarily to the complexity of the plan, the vagueness of the formula as currently defined, and the difficulty of procuring data.

Average public undergraduate cost of instruction is based solely on cost data by level from SUNY, similar data for CUNY being unavailable.

The plan in its present form makes no provision for including in its standard budget the special circumstances of emancipated students, commuters, and community college students. Average cost of student maintenance is based on the expenses of dormitory-resident students at the University Colleges of SUNY, as reported in Student Expenses at Postsecondary Institutions, 1976-77 (College Scholarship Service of the College Entrance Examination Board, 1976).

The plan is based on a voucher plan designed for the State of Wisconsin by Profs. W.L. Hansen and B.A. Weisbrod of the University of Wisconsin. It can be administered in two ways:

(1) Vouchers are awarded to all New York State undergraduates, regardless of the state in which they attend college;

(2) Vouchers are awarded to New York State undergraduates attending college in New York.

Lack of information about the income distribution of New York State resident students prohibited the costing-out of the second version.

VOUCHER PLAN continued

STEP ONE: COMPUTATION OF STANDARD BUDGET

	Average cost of student maintenance*	$2,978
+	Average full cost of public undergraduate instruction	+ 2,737
=	Total Standard Budget	=$5,715
	Average expected student contribution**	- 625
=	Adjusted Standard Budget	=$5,090

STEP TWO: DETERMINATION OF VOUCHER AWARDS, PER LEVEL & TOTAL

Income Level	Expected Family Contrib'n**	Voucher Award (Adj Std Budget less Fam Contr)	No. of Students #	Total Cost per Level
$0	$ 0	$5,090	9,985	$ 50,824,000
$ 1-$ 1,500	170	4,920	24,796	121,996,000
$ 1,500-$ 3,000	500	4,590	32,135	147,500,000
$ 3,000-$ 4,500	830	4,260	34,592	147,362,000
$ 4,500-$ 6,000	1,210	3,880	32,736	127,016,000
$ 6,000-$ 7,500	1,690	3,400	27,765	94,401,000
$ 7,500-$ 9,000	2,300	2,790	23,638	65,950,000
$ 9,000-$10,500	3,000	2,090	20,853	43,583,000
$10,500-$12,000	3,710	1,380	14,056	19,397,000
$12,000-$13,500	4,410	680	9,885	6,722,000
$13,500-$15,000	5,120	0	6,378	0
$15,000+	11,320	0	7,381	0
		Total Cost of Plan		$824,750,000

ALTERNATIVE ESTIMATES

If all undergraduates were at the lowest income level and therefore received the maximum voucher, total cost would be 614,191 FTE students## multiplied by $5,090 or $3,126,232,190. If half of all undergraduates were at the lowest income level, total cost would be 307,095 FTE students## multiplied by $5,090, or $1,563,113,550.

* Students Expenses at Postsecondary Institutions, 1976-77 (CSS,1977)
** CSS Need Analysis: Theory and Computation Procedures (CSS, 1975)
\# Basic Educational Opportunity Grant Program Summary Statistics for New York, 1976-77 (U.S. Dept. of Health, Education, & Welfare: Office of Education)
NYSED, Postsecondary Information Systems (HEDS)

STUDENT AID VOUCHER PLAN (SAV)

A replacement for all current forms of State and local aid for undergraduate, graduate and first-professional education. Special social programs such as aid to disadvantaged students would be continued.

Objective: To restructure the distribution of State and local funds for postsecondary education in which such funds would be given to students rather to institutions, with half of the funds given in the form of a basic grant and the other half of the funds distributed to students on the basis of need.

The intent of this plan is to:

a. double the number of students presently receiving higher education assistance;
b. reduce tuition costs by 30% or more for every full- and part-time resident student regardless of family income;
c. preserve the present level of program diversity while lowering future tax-levy higher education budgets.

Method:

1. Tuitions charged by all institutions in the State would be changed to reflect the full cost of providing educational and general services
2. All State and local tax-levy funds currently being appropriated for higher education would be redistributed into a program for direct aid to students. All forms of institutional aid to both independent and CUNY/SUNY institutions would be eliminated, except for special social programs such as aid to disadvantaged students.
3. From this pool of funds, all eligible students (New York State residents enrolled in accredited programs) would be entitled to two grants, a Basic Grant (or a pro-rated grant for part-time students) and a Student Tuition aid grant awarded on a sliding scale depending upon the family income and need of the applicant.
4. Total student aid would not exceed "full-cost tuition" or some state-wide standard for full-cost tuition, whichever is less. The balance of tuition charges not covered by the Basic Grant or Student Tuition Aid would be paid from the student's own resources, or from federal or institutional aid, so that the full cost of operating an institution is met.

STUDENT VOUCHER PLAN (SAV) continued

Formula:

1. Calculate total state and local tax-levy funding for 1976-77. Subtract fund for aid to the disadvantaged. Total = $1,535,818,000
2. Determine the number of full-time equivalent (FTE) resident New York State students in Fall 1976. Total = 636,254 students.
3. Divide total SAV funds by the number of FTE resident NYS students in 1976-77. Total = $ 2,414.
4. One half of this total is for Basis Grants = $ 1,207.
5. One half of this total is for Student Aid Awards = $ 1,207.
6. The amount of the Student Aid Award given to each student is variable. It depends upon two criteria:
   a. the total cost of Educational and General plus mandatory transfers expenditures at the student's chosen college, or a statewide standard of full-cost tuition, whichever is less.
   b. the ability of the student and family to meet this cost after receipt of the Basic Grant.

Total Cost: $1.5 billion (with savings of an estimated $600 million annually in the tax-levy higher education budget by 1984-85).

STUDENT AID VOUCHER PLAN (SAV) continued

I. Total State and Local Tax-levy Funding 1976-77 (See Podell, Lawrence, REVENUES AND EXPENDITURES OF POSTSECONDARY EDUCATION IN NEW YORK STATE FY 1975-77)

(000's)

SUNY	
Operations - CC's from State	$ 88,759
CC's from local	69,380
St.Op. from State	619,233
Stu. Aid - CC's	17,560
St.Op.	39,445
Debt Service	32,888
Capital	9,130
Fringe benefits	115,900
	$992,295
Less EOP	-19,900
	972,395
CUNY	
Operations - CC's from State	51,371
- CC's from local	50,640
- SC's from State	103,151
- SC's from local	106,241
Stud. Aid - CC's	21,934
- SC's	32,145
Debt Service - CC's	16,200
Debt Service - SC's	27,400
	$409,082
Less SEEK	-24,000
	$385,082
Independent	
Operations	$ 78,849
Local appropriations	753
Student aid	80,471
Med-Dent. enrollment expansion	4,592
	$164,665
Proprietary	
Student Aid	$ 13,676
Grant Total	$ 1,535,818

STUDENT AID VOUCHER PLAN (SAV) continued

II. Enrollment Calculations - Fall 1976 FTE's

SUNY	264,592		
	x .03	less out-of-state & foreign	
	7,938		256,654
CUNY	148,111		
	x .01		
	1,481		146,630
Independent			
	284,928		
	x .23.5		
	66,958		217,970
Proprietary			
	15,962		15,000 (est.)
		Total	636,254

III. Estimate of Basic Grant and Student Aid Award

$1,535,818,000
÷ 636,254

= $2,414

Basic Grant = $ 1,207
Stu. Aid Awd. = 1,207